



STATE OF NORTH DAKOTA
OFFICE OF STATE TAX COMMISSIONER
Cory Fong, Commissioner

To: North Dakota Sales, Use and Gross Receipts Tax Permit Holders

Subject: Local Tax Changes Effective January 1, 2009

Date: October 22, 2008

The following summarizes the local option tax changes effective January 1, 2009. More detailed information will be mailed to permit holders located within the cities where the changes occurred.

Anamoose

The city of Anamoose will impose a city sales, use and gross receipts tax of one percent (1%) effective January 1, 2009. The following gives a brief synopsis of the newly imposed tax:

- Will be reported under local tax code 220
- Includes a Contractor Limited Exemption when a Contractor's Certificate is used
- Does not include a Maximum Tax (Refund Cap)
- Does not provide for Permit Holder Compensation

Beulah

The city of Beulah will impose a 1% City Lodging and Restaurant tax effective January 1, 2009 on the following:

- Gross receipts from leasing or renting of hotel, motel or tourist court accommodations for a period of less than 30 consecutive calendar days or one month
- Gross receipts of restaurants or bars from sales of prepared food and non-alcoholic beverages
- On-sale alcoholic beverages

Fargo

The city of Fargo will increase its city sales, use and gross receipts tax by one percent (1%) effective January 1, 2009. One-half percent of the current tax rate being charged sunsets December 31, 2008. The total tax rate for Fargo starting January 1, 2009 will be one and one-half percent (1.5%). In addition to the rate increase, the following change was made to the ordinance:

- Increased Maximum Tax (Refund Cap) to \$37.50 per transaction

Forman

The city of Forman will impose a city sales, use and gross receipts tax of one percent (1%) effective January 1, 2009. The following gives a brief synopsis of the newly imposed tax:

- Will be reported under local tax code 221
- Includes a Contractor Limited Exemption when a Contractor's Certificate is used
- Includes a Maximum Tax (Refund Cap) of \$25.00 per transaction
- Does not provide for Permit Holder Compensation

Harwood

The city of Harwood will impose a city sales, use and gross receipts tax of one percent (1%) effective January 1, 2009. The following gives a brief synopsis of the newly imposed tax:

- Will be reported under local tax code 222
- Includes a Maximum Tax (Refund Cap) of \$25.00 per transaction
- Does not provide for Permit Holder Compensation

Lisbon

The city of Lisbon will increase its city sales, use and gross receipts tax by one-half percent (.5%). The tax rate for Lisbon starting January 1, 2009 will be one and one-half percent (1.5%). In addition to the rate increase, the following change was made to the ordinance:

- Increased Maximum Tax (Refund Cap) to \$37.50 per transaction

McVile

The city of Mcville will impose a 2% City Lodging tax and 1% City Lodging and Restaurant tax effective January 1, 2009 on the following:

The 2% City Lodging tax will apply to:

- Gross receipts from leasing or renting of hotel, motel or tourist court accommodations for a period of less than 30 consecutive calendar days or one month

The 1% City Lodging and Restaurant tax will apply to:

- Gross receipts from leasing or renting of hotel, motel or tourist court accommodations for a period of less than 30 consecutive calendar days or one month
- Gross receipts of restaurants or bars from sales of prepared food and non-alcoholic beverages
- On-sale alcoholic beverages

Neché

The city of Neche will increase its city sales, use and gross receipts tax by one percent (1%). The tax rate for Neche starting January 1, 2009 will be two percent (2%). In addition to the rate increase, the following change was made to the ordinance:

- Increased Maximum Tax (Refund Cap) to \$50.00 per transaction

Streeter

The city of Streeter will impose a city sales, use and gross receipts tax of one percent (1%) effective January 1, 2009. The following gives a brief synopsis of the newly imposed tax:

- Will be reported under local tax code 223
- Includes a Contractor Limited Exemption when a Contractor's Certificate is used
- Does not include a Maximum Tax (Refund Cap)
- Does not provide for Permit Holder Compensation

Walhalla

The city of Walhalla will increase its city sales, use and gross receipts tax by one percent (1%). The tax rate for Walhalla starting January 1, 2009 will be two percent (2%). In addition to the rate increase, the following change was made to the ordinance:

- Increased Maximum Tax (Refund Cap) to \$50.00 per transaction

The city of Walhalla will impose a 1% City Lodging Tax effective January 1, 2009 on the following:

- Gross receipts from leasing or renting of hotel, motel or tourist court accommodations for a period of less than 30 consecutive calendar days or one month

Washburn

The city of Washburn will increase its city sales, use and gross receipts tax by one percent (1%). The tax rate for Washburn starting January 1, 2009 will be two percent (2%). In addition to the rate increase, the following change was made to the ordinance:

- Added a Contractor Limited Exemption when a Contractor's Certificate is used

Woodworth

The city of Woodworth will impose a city sales, use and gross receipts tax of one percent (1%) effective January 1, 2009. The following gives a brief synopsis of the newly imposed tax:

- Will be reported under local tax code 224
- Natural Gas sales are exempt
- Gross receipts from coin-operated amusement are exempt
- Gross receipts from coin-operated vending sales of 99 cents or less are exempt
- Includes a Contractor Limited Exemption when a Contractor's Certificate is used
- Includes a Maximum Tax (Refund Cap) of \$30.00 per transaction
- Does not provide for Permit Holder Compensation

Maximum Tax (Refund Cap)

Prior to October 2005, most local sales taxes included a maximum tax provision (now also known as a refund cap). This was a maximum amount of tax that could apply to a single transaction. In October 2005, the caps were replaced with a refund program. Under the refund program, the retailer was required to collect tax on the entire sale without considering the caps. If the purchaser paid more than the maximum tax amount on a purchase, the purchaser could apply to the Tax Commissioner for a refund of any tax paid in excess of the cap. Beginning July 1, 2007, retailers may voluntarily collect up to the cap amount as a convenience to their customers so the purchasers do not need to apply for a refund. Retailers are not required to calculate caps and may continue to collect tax without regard to the caps. Retailers should be consistent in the method they choose to calculate local taxes.

Contractor Limited Exemption

Some local tax ordinances include a contractor Limited Exemption. When this exemption applies, local tax is not due to the local jurisdiction where the purchaser takes possession of the materials unless the materials are consumed or installed within that local jurisdiction. For more details about this exemption, see the contractor section of the Local Option Taxes by Location guideline.

More information on state and local taxes, including the Local Option Taxes by Location Guideline, is available on our web site at www.nd.gov/tax. Rate charts are also available on our web site. You may also contact the Tax Compliance Section at (701) 328-1246 or by e-mail at salestax@nd.gov.